

Veg. Oil Weekly Research Report

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Executive Summary**Domestic Veg. Oil Market Summary**

Edible oil witnessed firm trend in domestic market on hike in import duties on edible oils. CBOT soy oil and BMD CPO fell during the week. Soy oil, palm oil, rapeseed oil, sunflower oil, groundnut oil and coconut oil closed higher.

On the currency front, Indian rupee is hovering near 64.69, higher by 32 paise compared to previous week. Factors to watch in the coming weeks will be movement of Indian rupee against US dollar and crude oil prices. Rupee is expected to appreciate and crude oil prices will rise in near-term.

We expect edible oil complex to trade firm on strong fundamentals. Higher stocks at ports and pipeline will underpin prices in near term.

Recommendation:

Weekly Call - : At NCDEX, market participants are advised to go long above 730 levels for a target of 745 and 750 with a stop loss at 720 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 700-770 per 10 Kg in the near term.

At MCX, market participants are advised to go long in CPO above 585 for a target of 600 and 605 with a stop loss at 575 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 570-630 per 10 Kg in the near term.

International Veg. Oil Market Summary

Malaysia's November 1-25 palm oil exports fell 8.4 percent to 1,079,427 compared to 1,177,939 in corresponding period last month. Top buyers are China at 221,696 (203,130 tons), European Union at 203,096 tons (221,245 tons) and India & subcontinent at 159,510 tons (252,010 tons). Values in brackets are figures of corresponding period last month: ITS

According to AgRural consultancy, soybean planting in Brazil has covered 84% rising 11% in the week. Planting area is above 5-year average of 79% and 83% in corresponding period last year. In top tow producing states of Mato Grosso and Parana planting has reached 96%. In center west Brazil planting is nearing completion.

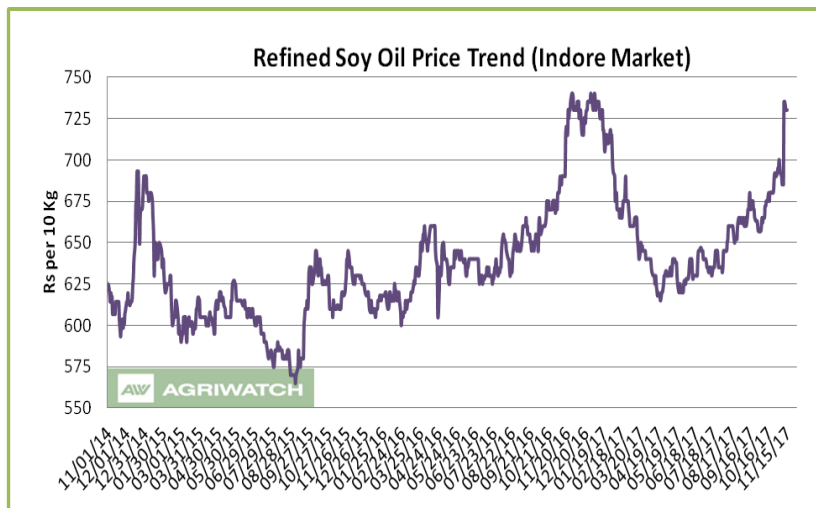
On the international front, low soy oil stocks in US, higher soy oil based biodiesel mandate in US, strong demand of soybean from China and firm crude oil prices will support soy oil prices in coming days.

Slow rise of palm oil stocks in Malaysia, higher demand of palm oil from China, slow rise in production of palm oil in Malaysia, firm competitive oil prices and firm crude oil prices will support CPO prices in near term.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soy oil featured firm trend in domestic markets on hike in import duty on soy oil. Prices of refined soy oil rose at Kandla/Mudra, Mumbai and Kolkata. CDSO prices fell at JNPT and Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices closed lower during the week in Indore on hike in import duty on import of soy oil. CDSO prices rose more at high seas while compared to India previous week indicating firm demand at high seas.



Demand in domestic market was firm as refined soy oil prices closed higher in most centers of the India.

CDSO demand is weak at CNF markets as CDSO CIF prices less compared to CDSO FOB Argentina compared to last week.

Appreciation of Indian rupee has made imports of soy oil dearer in India.

Imports of soy oil increased in October compared to September 2017 while it was lower compared to October 2016 while stocks of CDSO at ports and pipelines fell less in October indicating weak demand.

Crushing of soybean in India has started with higher new crop arrival and lower prices of soybean and soy meal. Soybean prices will remain weak as soy meal exports are uncompetitive compared to Argentina soy meal. Imports of soy oil are in disparity at high seas and refining margins are negative. With low soy oil premium over palm oil, demand may firm up in coming months.

Refined soy oil premium over RBD palmolein decreased to Rs 83 (Rs 85 last week) per 10 Kg, which is low and may support soy oil prices in domestic markets. In USD terms, premium of CDSO CIF over CPO CIF was quoted at USD 150 (USD 139 last week) per ton, which is low and increased demand of CDSO at CNF markets compared to CPO CNF. Values in brackets are figures of last week.

Prices of soy oil are expected to rise on firm demand and firm competitive oils.

- Government of India (GOI) hiked import duty on imports of various edible oils to check surge in imports of edible oils and support domestic crushing industry, which has been reeling due to lower priced imports of edible oils. Domestic farmers are losing interest in farming of oilseed due to cheap imports of edible oils, which has led to lower realization on oilseeds farming. Import duty on crude palm oil (CPO) was hiked from 15 percent to 30 percent while import duty on RBD palmolein was hiked from 25 percent to 40 percent. Import duty on crude soy oil was hiked from 17.5 percent to 30 percent while refined soy oil import duty is hiked from 20 percent to 35 percent. Import duty on crude rapeseed oil was hiked from 12.5 percent to 25 percent while refined rapeseed oil will be charged import duty of 35 percent from 20 percent earlier. Import duty on sunflower from 12.5 percent to 25 percent while import duty on refined sunflower oil was raised from 20 percent to 35 percent.

- Soy oil import scenario – According to SEA, India imported 2.20 lakh tons of soy oil in October 2017 v/s 2.78 lakh tons in October 2016, down 20.8 percent y-o-y. India imported 33.16 lakh tons of soy oil in the period (November 2016-October 2017) compared to 42.35 lakh tons in the corresponding period last oil year, lower by 21.7 percent y-o-y.
- Imported crude soy oil CIF at West coast port is offered at USD 832 (USD 841) per ton for November delivery, December delivery is offered at USD 830 (USD 839) per ton and January delivery is quoted at USD 822 (USD 833) per ton. Values in brackets are figures of last week. Last month, CIF CDSO October average price was USD 829.36 (USD 833.8 per ton in September 2017) per ton.
- On the parity front, margins are in disparity during the week on low prices of soy oil in domestic markets, and we expect margins to remain in disparity in coming days. Currently refiners lose USD 85-90/ton v/s loss of USD 65-70/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).
- We expect soy oil to trade sideways to firm in the coming days.

International Front

Agriwatch view- Soybean harvest in US has reached final stages and will be concluded in couple of weeks. Harvest is below last year and below 5-year average. Harvest is complete in many areas.

Soybean planting in Brazil rose to 84 percent of total area expected, according to AgRural. Planting is above 5-year average of 79 percent and 83 percent in the corresponding period last year. Planting is complete in areas of Center-Brazil. Beneficial rains in soybean areas in November accelerated soybean planting after initial dry conditions. Better planting of soybean is expected to increase yields in the country. USDA pegged soybean crop in the country at 108 MMT | 2017/18.

Soybean planting of Argentina is progressing at good pace and reached 34 percent until last reports. Beneficial rains have improved planting conditions will improve planting in the country.

India imposed higher import duty on imports of soy oil in the country. This step will reduce imports of soy oil in the country. Lower dependence on imports will increase domestic crushing of soybean which has reeled for years due to cheap soy oil imports.

Agriculture ministry of Argentina expects area under soybean at 16.8 million hectares. However, Buenos Aires grains exchange expects area under soybean at 18.1 million hectares in 2017/18.

Both the data points confuse situation.

USDA kept soybean crop in Argentina in 2017/18 at 57 MMT.

Soy oil end stocks fell in US in October as reported by NOPA despite higher crush and higher production of soy oil indicate that demand of soy oil is firm in US. Lower stocks of soy oil in US will support prices.

Soy oil end stocks in 2017/18 in US were raised as reported by USDA in its November estimate on higher opening stocks. Higher end stocks will be bearish for soy oil prices.

Demand of soybean from China weakened in October on higher inventories of soybean in the country. However, big crushers have to stopped crushing on shortage of soybean in November indicating strong demand in the country. Chinese think tank has indicated that China will import more than 100 MMT in 2018.

US commerce department finally imposed antidumping duty in ranged of 71.45 percent to 72.28 percent on imports of biodiesel from Argentina and allegation of dumping of soy oil based biodiesel. Argentina's President has said that it will approach WTO to resolve the issue.

Firm Chinese demand will keep prices of soybean complex elevated.

Brazil soybean sales to China have partly replaced US soybean sales may lead to higher soybean stocks in US. China reported 28 percent fall in soybean imports in October at 5.86 MMT, which has led to short supply in the country.

Record imports by China will soak global incremental prediction of soybean and support prices in medium term.

Rise in crude oil prices will support prices in near term.

Prices are in a range.

- According to AgRural consultancy, soybean planting in Brazil has covered 84% rising 11% in the week. Planting area is above 5-year average of 79% and 83% in corresponding period last year. In top two producing states of Mato Grosso and Parana planting has reached 96%. In center west Brazil planting is nearing completion.
- In the weekly USDA crop progress report released on 20 November; around 96% of the new soybean crop has been harvested which is less than 98% during the corresponding period last year and down from the 5 year average of 97%.
- According to Argentine Ministry of Agriculture, soybean acreage in 2017/18 is likely to decline to 16.8 million hectares in 2017/18 compared to 18 million hectares previous season.
- According to Anec, cereal exporters association, soybean exports in Brazil in 2018 are estimated between 66 - 67 MMT compared to previous estimates of 66 MMT released in early November.
- According to Agroconsult, Brazilian soybean output is estimated at 111 MMT in 2017/18, maintaining the same forecast released in September. Soybean acreage is likely to increase by 3 per cent to a record 35 million hectares this season as farmers have shifted from corn to soybean. If climatic conditions remain favourable, soybean output could touch 115 MMT. Previous year's soybean output was estimated at 114.7 MMT according to Conab.
- According to National Oilseed Processors Association (NOPA), U.S. October soybean crush rose 20.4 percent to 164.242 million bushels from 136.419 million bushels in September 2017. Crush of soybean in October 2016 was 164.641 million bushels. Soy oil stocks in U.S. at the end of October fell 6.0 percent to 1.224 billion lbs compared to 1.302 billion lbs in end September 2017. Stocks of soy oil in end September was lower by 8.9 percent compared to end October 2016, which was reported at 1.410 million lbs
- According to United States Department of Agriculture (USDA) November estimate, U.S 2017/18 ending stock of soy oil is rose 5.1 percent to 1,711 million lbs from 1,632 million lbs in October estimate. Opening stocks are increased to 1,711 million lbs from 1,632 million lbs. Production of soy oil in 2017/18 is unchanged at 22,505 million lbs. Imports in 2017/18 were unchanged at 300 million lbs in October estimate. Biodiesel use in 2017/18 is unchanged at 7,000 million lbs. Food, feed and other industrial use in 2017/18 was unchanged at 13,800 lbs. Exports in 2017/18 were kept unchanged at to 2,100 million lbs. Average price range estimate is kept unchanged in 2017/18 at 32.5-36.5 cents/lbs. Rise in end stock in 2017/18 is due to higher opening stocks.
- USDA WASDE Oilseeds Highlights: The 2017/18 U.S. season-average soybean price is forecast at \$8.35 to \$10.05 per bushel, unchanged from last month. Soybean meal and soybean oil price projections are also unchanged at \$290 to \$330 per short ton and 32.5 to 36.5 cents per pound, respectively.

Previous updates

- According to National Oilseed Processors Association (NOPA), U.S. September soybean crush fell 4.2 percent to 136.419 million bushels from 142.424 million bushels in August 2017. Crush of soybean in September 2016 was 130.235 million bushels. Soy oil stocks in U.S. at the end of September fell 8.12 percent to 1.302 billion lbs compared to 1.417 billion lbs in end August 2017. Stocks of soy oil in end September was lower by 5.38 percent compared to end September 2016, which was reported at 1.376 million lbs.
- According to AgRural consultancy, soybean planting in Brazil has covered 73% of the area in line with corresponding period last year and above 5-year average of 68%. In center west Brazil planting is still lagging. In center south Brazil, planting has just begun due to dry conditions. In the state of Goyas in center west, planting has reached 40%
- In the weekly USDA crop progress report released on 13 November; around 93% of the new soybean crop has been harvested which is less than 96% during the corresponding period last year and down from the 5 year average of 95%.
- According to the General Administration of Customs, China imported 5.86 MMT of soybeans in October 2017, a decline of 28 per cent compared to previous month. However, imports were higher compared to 5.21 MMT during the corresponding period previous year. Imports were lower amid delayed shipments and it is expected to increase in the months of November and December.
- According to the country's Agriculture Ministry, China increased its soybean imports estimates to 95.97 MMT in 2017/18 crop year compared to previous estimates of 94.5 MMT. China will crush 94.38 MMT of soybean during the period compared to the previous estimates of 93.08 MMT.
- The U.S. Department of Agriculture's monthly supply and demand report for the month of November forecasts U.S. soybean production at 4,425 million bushels, down 5 million bushels due to a fractionally lower yield compared to previous month's estimates. Total U.S. oilseed production for 2017/18 is projected at 132.1 MMT, down 0.1 MMT from previous month amid lower soybean and peanut production. Soybean production for Brazil is increased 1 MMT to 108 MMT on higher reported area for Parana and Rio Grande do Sul. Peanut production has increased for India on higher yields for the state of Gujarat. Sunflower seed production is lower for Ukraine, Argentina, and South Africa. Global soybean ending stocks for 2017/18 are forecast at 97.90 MMT up from previous month's forecast of 96.05 MMT, mostly reflecting increases for China, Argentina, and Brazil.
- According to Conab, government's food supply and statistics agency, Brazilian soybean farmers are expected to produce 106.4 MMT -108.6 MMT of soybean in 2017/18 crop cycle. Previous year 114 MMT of soybean was produced.
- According to China's General Administration of Customs (GACC), China's imports of edible vegetable oil in October fell 21.7 percent to 4.7 lakh tons compared to 6.0 lakh tons in September. Imports rose 51.6 percent compared to corresponding period last year which was reported at 3.1 lakh tons. Year to date imports of edible vegetable oil rose 8.8 percent to 46.30 lakh tons.
- U.S. commerce department imposed preliminary anti dumping duty on imports of soy oil based biodiesel from Argentina and palm oil based biodiesel from Indonesia. U.S. commerce department imposed 54.36 percent to 70.05 percent on imports of biodiesel from Argentina. U.S. commerce department imposed 50.71 percent on all palm oil based biodiesel imports from Indonesia.

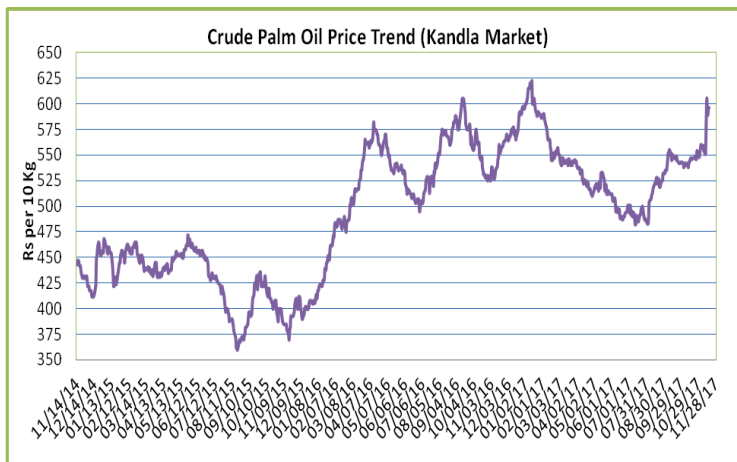
- According to China's Agriculture ministry, China is expected to import 94.5 MMT of soybean in 2017/18 from previous forecast of 93.16 MMT. Chinese soybean consumption in 2017/18 is estimated at 109.21 MMT from previous estimate of 108.63 MMT. Soybean deficit of the country is estimated at 0.25 MMT from previous estimate of 0.97 MMT.

Price Outlook: We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 770-770 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil featured weak trend at its benchmark market at Kandla on hike in import duty of palm oil and firm demand. CPO prices rose in Kakinada, Mumbai and Kolkata. RBD palmolein closed higher across board in India.
- Agriwatch View – Prices of CPO closed higher at the end of week on hike in import duty on palm oil and firm demand..



Prices of CPO rose at India high seas

compared to CNF markets compared to previous week indicating firm demand at high seas.

Prices of RBD palmolein were sideways to higher at most places in India on hike in import duty.

Margins in importing CPO and selling after refining in domestic markets is higher than selling ready to use RBD palmolein in domestic markets. This is despite same quote of RBD palmolein compared to CPO at CIF markets. Demand of RBD palmolein is firm at high seas as CNF India fell more than prices at high seas indicating firm demand.

Demand of CPO is weak at CNF markets, as prices fell more at CNF markets compared to Indonesia FOB compared to previous week.

Demand of RBD palmolein was firm at CNF markets, as prices fell less at CNF markets compared to Malaysia FOB compared to last week.

With higher margins, firm demand at high seas and weak demand at CNF markets CPO prices will increase. RBD palmolein is selling on lower margins, firm demand at high seas and firm demand at CNF markets will support its prices.

Demand of RBD palmolein was firm compared to CPO at high seas as premium RBD palmolein over CPO was at Rs 50 (Rs 44) per 10 kg compared to last week.

Positive refining margins and parity will increase imports of CPO and RBD palmolein in medium term.

Import of CPO in October was lower than September 2017 and higher than October 2016. Stocks at ports and pipelines increased in October compared to September indicating weak demand.

Import of RBD palmolein in October was lower than September 2017 and October 2016. Stocks at ports and pipelines fell in October indicating firm demand.

Appreciation of Indian rupee has made imports of palm oil dearer in India.

Low CDSO CNF premium over CPO CNF will decrease imports of palm oil in medium term at USD 150 (USD 139 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 103 (Rs 101 last week) per 10 Kg, which is low and will decrease CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 83 (Rs 85 last week) per 10 kg is low and will decrease RBD palmolein demand in near term. Values in brackets are figures of last week.

Prices of CPO are expected to remain sideways to firm.

- Palm oil import scenario – Palm oil import scenario – According to Solvent Extractors of India (SEA), India imported 7.47 lakh tonnes of palm oil in October 2017 v/s 7.38 lakh tonnes in October 2016, higher by 1.2 percent y-o-y. Import of palm oil in the oil year 2017-18 (November 2016-October 2017) was at 92.93 lakh tonnes compared to 84.43 lakh tonnes in the oil year 2015-16, higher by 11.3 percent compared oil year. CPO imports by India increased to 5.97 lakh tonnes in October compared to 5.14 lakh tonnes in October 2016, higher by 16.1 percent y-o-y. Import of CPO in the oil year 2016-17 (November 2016-October 2017) was at 63.35 lakh tonnes compared to 57.49 lakh tonnes in the last oil year, higher by 9.6 percent y-o-y. RBD palmolein imports by India fell 39.5 percent in October to 1.47 lakh tonnes from 2.05 lakh tonnes in September 2016. Import of RBD palmolein in the oil year 2016-17 (November 2016-October 2017) was at 28.71 lakh tons compared to 26.23 lakh tonnes in last oil year, higher by 9.5 percent y-o-y.
- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 680 (USD 700) per ton for Nov delivery, December delivery is quoted at USD 680 (USD 700) per ton and JFM delivery is quoted at USD 695 (USD 710) per tonne. Last month, CIF CPO October average price was at USD 718.32 per ton (USD 729.76 per ton in September 2017). Values in brackets are figures of last week. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 697 (USD 700) per ton for November delivery, December delivery is quoted at US 680 (USD 700) per ton and JFM delivery is quoted at USD 695 (USD 710) per ton. Last month, CIF RBD palmolein October average price was USD 718.78 (USD 729.36 September 2017) per ton. Values in bracket depict last week quotes. Ready lift CPO duty paid prices quoted at Rs 597 (Rs 551) per 10 Kg and December delivery duty paid is offered at Rs 598 (Rs 551) per 10 kg. Ready lift RBD palmolein is quoted at Rs 647 (Rs 595) per 10 kg as on November 24, 2017. Values in brackets are figures of last week.
- On the parity front, margins decreased during this week due to fall in prices of palm products in Indian markets. Currently refiners fetch USD 35-40/ton v/s gain of USD 30-35/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 25-30/ton v/s gain of USD 25-30/ton (last month) parity.
- We expect palm oil to trade sideways to firm in the days ahead.

International Front

Agriwatch View – Exports of palm oil from Malaysia in first 25 days of November fell 8.4 percent indicating weak demand from top importing destinations.

India hiked import duties on palm oil to reduce imports of palm oil. This step will weaken import demand from Malaysia in coming months.

India is buying less after Diwali festival. Demand is yet to pick up from Malaysia due to higher margins in processing CPO compared to selling ready to use palmolein. This has shifted demand towards Indonesia.

Low soy oil premium over palm oil has led to weak demand from India. Stocks at ports and pipelines are more and may decrease demand of palm oil in medium term.

However, second hike in import duty in less than 4 months will weaken demand from Malaysia.

China is buying more palm oil from both Malaysia and Indonesia as both countries are offering higher margins on imports. CNGOIC has indicated that it will buy 475,000 tons of palm oil every month to refurbish stocks of palm oil.

China in recent months is buying more palm oil as it is stocking palm oil after finishing of strategic stocks of rapeseed oil in the country. This has led to recovery in RBD palmolein DALIAN that supported BMD Malaysia prices as it is highly correlated to DALIAN.

Palm oil end stocks of Malaysia in October rose 8.39 percent on higher rate of growth of production and slow rise in production. However, palm oil stocks are rising at a slower rate.

Production rose 12.96 percent in October while exports grew 2.04 percent.

Production grew on seasonal uptrend of production and fading effect of El Nino. Production is expected to rise until December when seasonal uptrend of production fades. However, production will rise at slower rate.

Malaysia must decrease import duty on palm to slow buildup of palm oil inventory in the country

Imposition of import duties in India has resulted in shifting of buyers towards Indonesia. Malaysian refiners are pricing aggressively at Indian ports. Higher margins in importing CPO compared to ready to use palmolein is expected to slow imports from Malaysia and shift buyers to Indonesia.

Palm oil production in Malaysia is expected to rise slowly until December, when the seasonal uptrend of production ends. Production is expected to see rise until December but at slow pace. Lower growth of production will not pressurize stocks in medium term.

Indonesia kept export duty unchanged at zero for November with reference prices of USD 750 per ton. This is the seventh month zero export duty by Indonesia.

Malaysia has increased export duty on crude palm oil, to retain inverted tax structure to push exports to top importer India. Inverted tax structure of Malaysia on exports of palm oil still benefits refiners in the country.

Malaysia increased export duty on palm oil in October to 6.5 percent from 6 percent to keep its inverted tax structure to encourage exports to India.

Higher use of palm oil in biodiesel in Indonesia will soak incremental palm oil production in the country in medium to long term.

Firm Ringgit will underpin palm oil prices in near to medium term.

Lower competitive oils prices will support prices

Rise in crude oil prices will support palm oil prices in near term. Prices are in range.

- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's November 1-25 palm oil exports fell 8.4 percent to 1,079,427 compared to 1,177,939 in corresponding period last month. Top buyers are China at 221,696 (203,130 tons), European Union at 203,096 tons (221,245 tons) and India & subcontinent at 159,510 tons (252,010 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's November 1-20 palm oil exports fell 8.8 percent to 882,943 compared to 967,707 in corresponding period last month. Top buyers are European Union at 159,679 tons (227,140 tons), China at 138,376 tons (150,903 tons), India at 73,960 tons (98,480 tons), United States at 48,050 tons (42,320 tons) and Pakistan at 35,450 tons (61,990 tons). Values in brackets are figures in corresponding period last month.

- According to China's General Administration of Customs (CNGOIC), China's October palm oil imports rose 77.73 percent to 4.80 lakh tons compared to October 2016. Year to date imports of palm oil rose 18.27 percent to 39.65 lakh tons compared to corresponding period last year. Imports from Indonesia in October rose 111.78 percent to 2.56 lakh tons compared to October 2016. Year to date imports of palm oil from Indonesia rose 29.84 percent to 24.75 lakh tons compared to corresponding period last year. Imports from Malaysia in October rose 49.59 percent to 2.22 lakh tons compared to October 2016. Year to date imports rose 3.29 percent from Malaysia to 14.88 lakh tons compared to corresponding period last year.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's October palm oil stocks rose 8.39 percent to 21.90 lakh tons compared to 20.20 lakh tons in September. Production of palm oil in October rose 12.96 percent to 20.09 lakh tons compared to 17.80 lakh tons in September. Exports of palm oil in October rose 2.04 percent to 15.49 lakh tons compared to 15.18 lakh tons in September. Imports of palm oil in October fell 67.26 percent to 0.13 lakh tons compared to 0.41 lakh tons in September. Rise in palm oil end stocks in October was below trade estimates.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia increased November crude palm oil export duty to at 6.5 percent from 6.0 percent in October. Tax is calculated at reference price of 2,872.58 ringgit (\$681.59) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent. According to Indonesia trade ministry, Indonesia keeps November crude palm oil export duty to zero, unchanged from last month. This is the seventh consecutive month of zero tax. Reference prices of export tax are set at USD 750 per ton. Indonesia kept export duty at zero as it expects that prices will miss certain thresholds.

Previous updates

- According to Malaysia Palm Oil Board (MPOB), Malaysia's September palm oil stocks rose 3.98 percent to 20.19 lakh tons compared to 19.42 lakh tons in August. Production of palm oil in September fell 1.69 percent to 17.80 lakh tons compared to 18.11 lakh tons in August. Exports of palm oil in September rose 1.82 percent to 15.15 lakh tons compared to 14.88 lakh tons in August. Imports of palm oil in September fell 1.17 percent to 0.41 lakh tons compared to 0.42 lakh tons in August. Rise in palm oil end stocks in September was above analyst's estimates.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's November 1-20 palm oil exports fell 8.2 percent to 891,926 compared to 951,339 in corresponding period last month. Top buyers are European Union at 170,081 tons (174,145 tons), China at 152,396 (148,380 tons), and India & subcontinent at 121,510 tons (186,910 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's November 1-15 palm oil exports fell 8.2 percent to 650,962 compared to 709,322 in corresponding period last month. Top buyers are European Union at 137,865 tons (183,470 tons), India at 71,960 tons (75,880 tons), China at 61,376 tons (110,535 tons), Pakistan at 35,450 tons (61,990 tons) and United States at 11,250 tons (17,050 tons). Values in brackets are figures in corresponding period last month.

- According to Malaysian government, Malaysia's palm oil production is expected to rise 2.5 percent in 2018 to 20.5 MMT after rise of 15.5 percent rise in production in 2017 at 20 MMT. Malaysia palm oil output was 17.3 MMT in 2016. Average prices of palm oil in 2018 are estimated at 2,750 ringgit per ton due to higher demand by China, EU and India. Average prices of palm oil in 2017 are estimated at 2,700 ringgit (USD 638) per ton.
- According to United States Department of Agriculture (USDA) in its November review raised India's 2017/18 imports of palm oil by 0.1 MMT to 9.5 MMT. Consumption of palm oil in India in 2017/18 has been raised to 9.8 MMT from 9.5 MMT. However, end stocks of palm oil were reduced to 0.349 MMT from 0.546 MMT in 2017/18.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia exports of palm and palm kernel oil rose 24 percent to 2.98 MMT from 2.40 MMT in July 2017. Exports in August grew 44 percent y-o-y compared to August 2016 at 2.07 MMT.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia is expected to produce 36.5 MMT of palm oil from up 4 MMT from 2016. Indonesia palm oil exports are expected to reach 30 MMT, higher 20 percent from 2016. Production in Indonesia is expected to reach 38.5 MMT in 2018 as El Nino takes effect and lagged effect of El Nino fades.
- According to China's General Administration of Customs (GNGOIC), China's September palm oil imports rose 43.11 percent to 6.88 lakh tons compared to September 2016. Year to date imports of palm oil rose 13.06 percent to 34.85 lakh tons compared to corresponding period last year. Imports from Indonesia in September rose 129.23 percent to 4.71 lakh tons compared to September 2016. Year to date imports of palm oil from Indonesia rose 24.24 percent to 22.17 lakh tons compared to corresponding period last year. Imports from Malaysia in September fell 21.27 percent to 2.17 lakh tons compared to September 2016. Year to date imports fell 2.01 percent from Malaysia to 12.67 lakh tons compared to corresponding period last year.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia increased October crude palm oil export duty to at 6.0 percent from 5.5 percent in September. Tax is calculated at reference price of 2,754.18 ringgit (\$657.32) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

According to Indonesia trade ministry, Indonesia keeps October crude palm oil export duty to zero, unchanged from last month. Tax is not charged if prices are at or below USD 750 per ton. Indonesia kept export duty at zero as it expects that prices will miss certain thresholds

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 570-630 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil prices featured sideways to firm trend in primary markets on hike in import duties on edible oils. Arrivals of rapeseed increased last week.
- Agriwatch view: Prices of rapeseed oil expeller featured firm trend in various centers in India on hike in import duties on edible oils.

Price of expeller mustard oil rose in Kota, Jaipur, Ganganagar, Neewai, Mumbai and New Delhi while it remained unchanged in Hapur and Kolkata.

Prices of kacchi ghani rapeseed oil traded higher across board in India.

Canola oil CNF price fell during the week.

Prices of expeller rapeseed oil traded mostly firm in various centers in India on hike in import duties on crude and refined rapeseed oils.

Rise in rapeseed prices supported the rise.

Rise in palm oil and soy oil supported the rise.

Stocking has started in Kacchi Ghani.

Prices will rise on stocking ahead of winter.

Prices rose on seasonal uptrend of prices.

Demand of rapeseed oil is still weak after Diwali.

Mustard oil prices are trading at lower premium over soy oil, which will support prices in medium term.

Rapeseed crop will be lower on fall in sowing of rapeseed fell by more than 10 percent. Rapeseed sowing in Rajasthan is lagging more than 10 percent.

Higher crop of rapeseed in MY 2017/18 has led to higher supply of rapeseed for crushing which will cap gains.

Low premium of rapeseed oil over soy oil in domestic market was at Rs 30 (Rs 40) per 10 Kg, will support rapeseed oil prices in medium term.

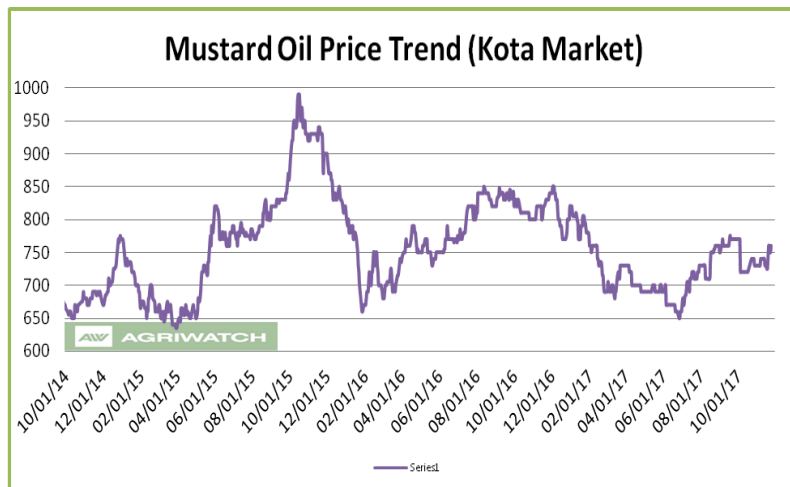
Premium of canola oil compared to CDSO has decreased to USD 30 (USD 29) per ton will support imports.

Lower prices of expeller rapeseed oil led to fall in import demand of canola oil in oil year 2017-18.

Government hiked import duty on canola oil, to check rise in imports of canola oil.

Markets are expected to trade sideways to firm tone in coming days on firm demand ahead of winter, stocking at lower levels, rise in prices of rapeseed and seasonal uptrend of prices.

- Government of India hiked import duty on crude rapeseed oil from 12.5 percent to 25 percent while refined rapeseed oil will be charged import duty of 35 percent from 20 percent earlier.



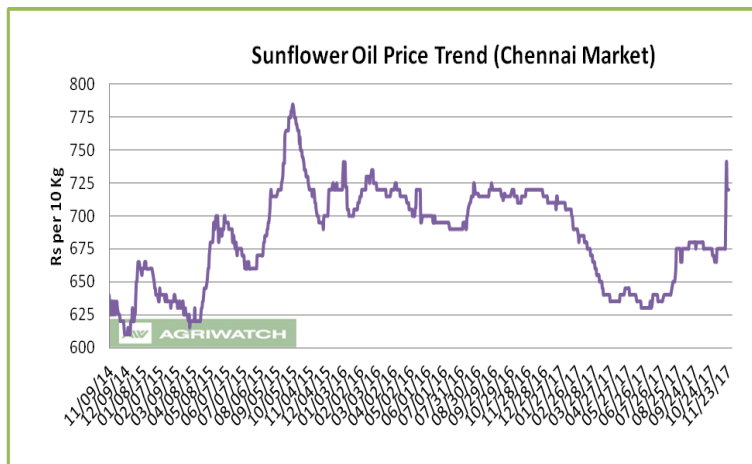
- All India sowing of rapeseed reached 51.37 lakh hectares as on 24 November 2017 compared to 57.86 lakh hectares in corresponding period last year. Rajasthan is lagging in sowing as on 24 November 2017 and it has reached 19.09 lakh hectares compared to 26.32 lakh hectares in corresponding period last year.
- India imported 0.37 lakh tons of rapeseed (Canola) oil in October 2017 v/s 0.43 lakh tons in October 2016. Imports were 2.93 lakh tons in the period (November 2016-October 2017) compared to 3.77 lakh tons in corresponding period last oil year, lower by 22.3 percent y-o-y: SEA
- CNF canola oil premium over soybean oil is USD 30 (USD 29 last week) per ton for December delivery as on November 24, 2017.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 785 (Rs 770) per 10 Kg, and at Kota market, it is offered at Rs 760 (Rs 725) per 10 kg as on November 24, 2017. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to firm tone in the coming days.

Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 720-800 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil price traded firm during the week in its benchmark market of Chennai on hike in import duty and firm demand. Prices rose in Hyderabad, Kandla/Mudra and Kakinada. Prices rose in Mumbai and Latur. Sunflower expeller closed higher in Hyderabad, Erode, Chellakaere and Latur at the end of the week.
- Agriwatch view: Prices of sunflower oil traded firm in Chennai on hike in import duty on sunflower oil and firm demand. Most of the markets witnessed firm movement of prices during the week.



Prices of sunflower oil were unchanged in Chennai while prices fell at CNF markets indicating firm demand.

Prices of sunflower oil are trading at discount over soy oil in domestic market indicating that supply sunflower oil is high and there is potential for prices to rise.

CSFO CIF premium over CDSO CIF markets is at USD -25 (USD -30 last week) per ton for December delivery, indicating ample space for prices to rise in domestic markets as sunflower oil is considered superior oil.

Sunflower oil discount over soy oil in domestic markets indicate firm supply compared to soy oil. In domestic market, sunflower oil prices premium over soy oil is by Rs -10 (Rs -5 last week) per 10 kg, which indicates that markets are adequately supplied.

Sunflower oil premium over palm oil at CNF India is USD 124 (US 110 last week) which is low and may support imports. Sunflower oil is trading at low premium over soy oil in domestic market, which may increase demand in medium term.

Supply has improved in markets as imports rose 43 percent in oil year 2016-17 (November-October) indicating firm supply of sunflower oil in domestic market. Imports of sunflower oil will show steady rise in coming months due to low premium of sunflower oil over CDSO, CPO and appreciation of Rupee. Further, import duty on crude sunflower is lower than crude soy oil which will support imports

Imports of sunflower oil in October were below September but above October 2016 while stocks at ports and pipelines were unchanged indicating firm demand at high seas.

Refiners are purchasing more crude sunflower oil from international markets as CIF sunflower oil trading at low premium over CIF soybean oil. Currently sunflower oil premium over soy oil is at USD -25 (USD -30 last week) per ton for Nov delivery.

On the international front sunflower oil, production rose in September in Ukraine indicating firm supply of sunflower oil, which will underpin international sunflower oil prices in medium term.

Government of India increased import duties of crude and refined sunflower oil to check 43 percent surge in imports of sunflower oil.

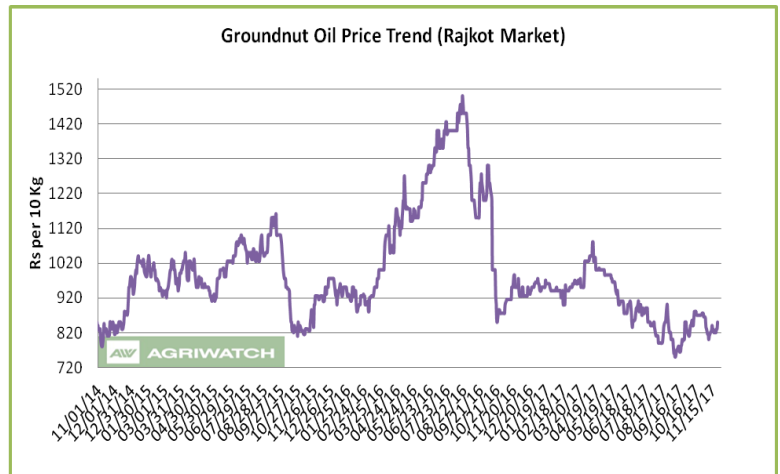
Prices of sunflower oil are expected to trade sideways to firm on firm demand, low premium of sunflower oil over soy oil, seasonal uptrend of prices and rise in competitive oils. Prices are expected to trade sideways to firm in near term.

- Government of India hiked import duty on sunflower from 12.5 percent to 25 percent while import duty on refined sunflower oil was raised from 20 percent to 35 percent.
- All India sowing of sunflower reached 1.12 lakh hectares as on 24 November 2017 compared to 0.95 lakh hectares in corresponding period last year.
- Sunflower oil import scenario – According to SEA, India imported 1.29 lakh tonnes of crude sunflower oil during October 2017 v/s 0.97 lakh tonnes in October 2016, higher by 33 percent y-o-y. India imported 21.69 lakh tonnes of crude sunflower oil in oil year 2016-17 (November 2016-October 2017) compared to 15.16 lakh tonnes last oil year, higher by 43 percent y-o-y.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 805 (USD 810) per ton for Dec delivery, Jan delivery is quoted at USD 805 (USD 810) per ton, FM delivery is quoted at USD 810 (USD 813) per ton and AMJ delivery is quoted at USD 820 (USD 825) per ton. CIF sun oil (Ukraine origin) October monthly average was at USD 820.63 per ton compared to USD 837.1 per ton in September. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 790-830 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD -25 (USD -30 last week) per ton for Dec delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 720 (Rs 675) per 10 Kg, and at Hyderabad market, it is offered at Rs 732 (Rs 675) per 10 kg as on November 24, 2017. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 700-750 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-`
Domestic Front

- Groundnut oil prices featured uptrend in Rajkot due to firm demand and weak supply. Prices rose in Jamnagar and Gondal. Prices remained unchanged in Chennai while it remained fell in New Delhi. Prices of groundnut oil (expeller) remained unchanged in Hyderabad at the end of the week.
- Agriwatch view: Prices of groundnut oil featured uptrend in Rajkot on firm demand as weak supply of groundnut oil due to disparity in crushing of groundnut.



Rise in soy oil and palm oil prices supported the rise. Due to hike in edible oil import duty groundnut oil was quoted higher.

Groundnut oil prices have firmed on offtake from stockists and traders with weak stock position.

Gujarat government's procurement of Rs 900/20 kg is progressing at moderate pace, which has led to fall in prices of groundnut in domestic markets. Groundnut arrivals has decreased at various mandis in Gujarat.

Gujarat government has already purchased 2 lakh tons of groundnut oil.

Crush margins are in disparity, which has led to lower crushing of groundnut oil and has supported prices. However, due higher crop of groundnut gains in prices of groundnut will be capped.

Prices rose on seasonal uptrend of prices.

With the beginning of crushing season, prices have moved up on supply shortfall.

Groundnut oil prices are expected to trade sideways to firm on firm demand, seasonal uptrend of prices, increase in prices of groundnut and support from competitive oils.

- All India sowing of groundnut reached 2.56 lakh hectares as on 24 November 2017 compared to 2.44 lakh hectares in corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 8,500 (Rs 8,200) per quintal and it was quoted at Rs 8,400 (Rs 8,400) per quintal in Chennai market on November 24, 2017. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to firm in the coming days.

Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 780-880 per 10 Kg.

**Coconut Oil Fundamental Review and Analysis:-
Domestic Front**

- Coconut oil featured firm trend in its benchmark market of Kangayam on weak supply and rise in copra prices. Prices rose in Kochi at the end of the week.
- Agriwatch view: Coconut oil prices featured firm trend during the week on firm demand weak supply.

Demand of coconut oil is firm while weather continues to be wet in Kangayam.

Demand of coconut oil firm is Kerala on beginning of Sabarimala pilgrimage festival.

Copra prices rose during the week on weak supply.

Demand of coconut oil is firm while supplies are weak.

Supply of copra is weak due to drought in Erode in 2016 has led to depletion of copra stocks.

Higher raw material prices led to higher product prices. Most of the copra is wet, which has made weak supply of milling copra.

Copra supply is weak as stocks have depleted in the market on higher exports and diversion of coconut products to other value added products. This has led to short supply of copra. There is very good export demand of copra from West Asian markets and Chinese markets.

There is short supply of milling copra, as less rains in 2016 has affected the coconut production. Ball copra is being used for production of coconut oil in near term.

Rise in palm oil prices supported, as increase in import duty on edible oils led to higher prices of coconut oil.

Farmers are holding copra to take advantage of prices.

Rains in coconut growing areas of Tamil Nadu on intensification of Northeast monsoon have disrupted supply chain.

Weather disruption continues to be supporting force to prices.

North East monsoon is intense in Tamil Nadu and Kerala, which has led to rainfall in coconut growing areas in the state.

Corporate demand, which contributes about 80 percent of demand, is moderate. Consumers of coconut oil have shifted away from coconut oil due to higher prices.

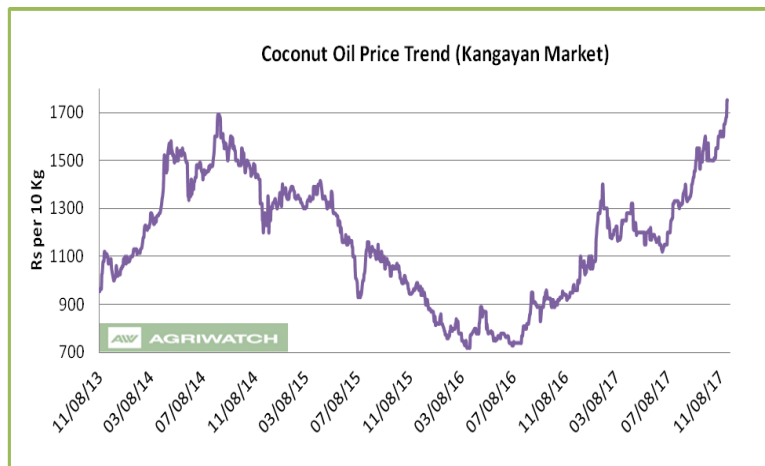
Traders and upcountry buyers are staying away from market as prices have surged.

Coconut oil is costliest domestic edible oil, which has weakened demand.

Coconut oil prices are expected to be firm due to surge in prices of copra, supply related problems like heavy rains, weakness in supply of milling copra, beginning of Sabarimala festival and rise in prices palm oil.

Prices are expected to trade sideways to firm tone in near term.

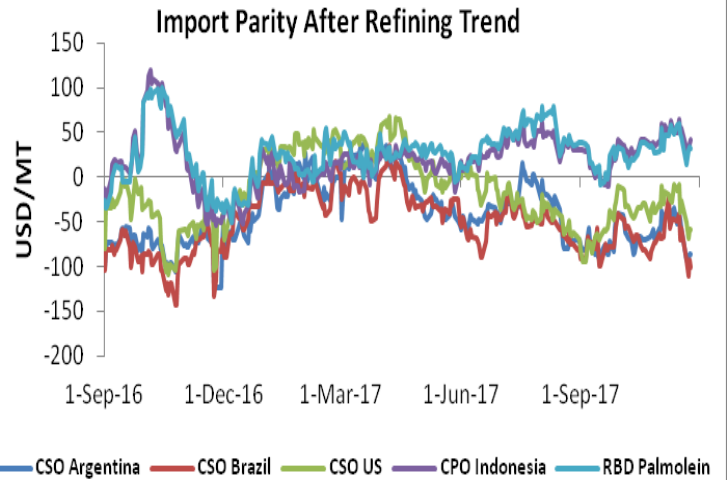
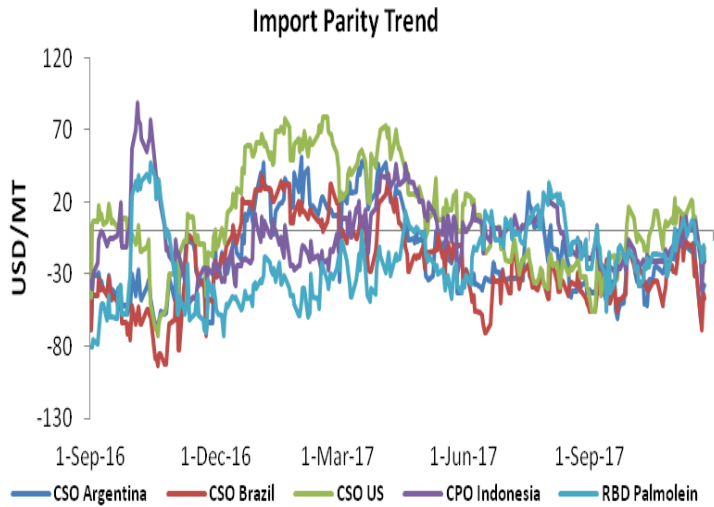
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 17,500 (16,900) per quintal, and was quoting Rs 17,200 (Rs 16,900) per quintal in Erode market on November 24, 2017.



Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1650-1900 per 10 Kg.

Import Parity Trend

Import Parity After Refining in US dollar per ton (Monthly Average)

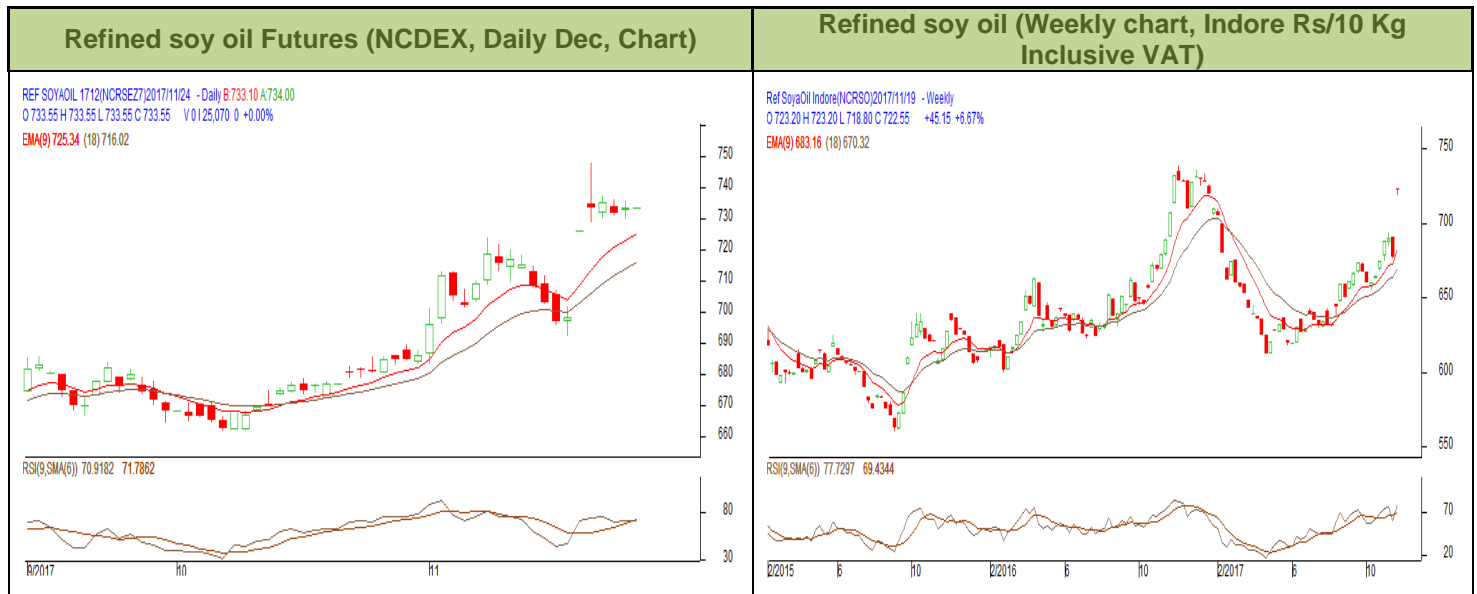


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Sep, 2017	-74.80	-76.67	-61.72	12.31	17.63
Oct, 2017	-66.77	-68.43	-34.19	33.93	27.29

Outlook-:

Import parity for crude soy oil from Argentina is in disparity due to fall in prices of oils in domestic markets. We expect CDSO import parity to remain in disparity in medium term. Parity in palm oil products may increase palm oil imports in the coming days.

Technical Analysis (Refined soy oil)



Outlook – Refined soybean oil witnessed uptrend during the week in review and is likely to trade with a sideways to firm tone in the coming days.

- Weekly chart of refined soy oil at NCDEX depicts uptrend during the week in review. We expect prices to trade sideways to firm tone in the near term.
- Any close below 680 in weekly might take the prices below 660 levels.
- Expected price band for next week is 680-760 level in near to medium term. RSI, stochastic and MACD is suggesting uptrend in the market.

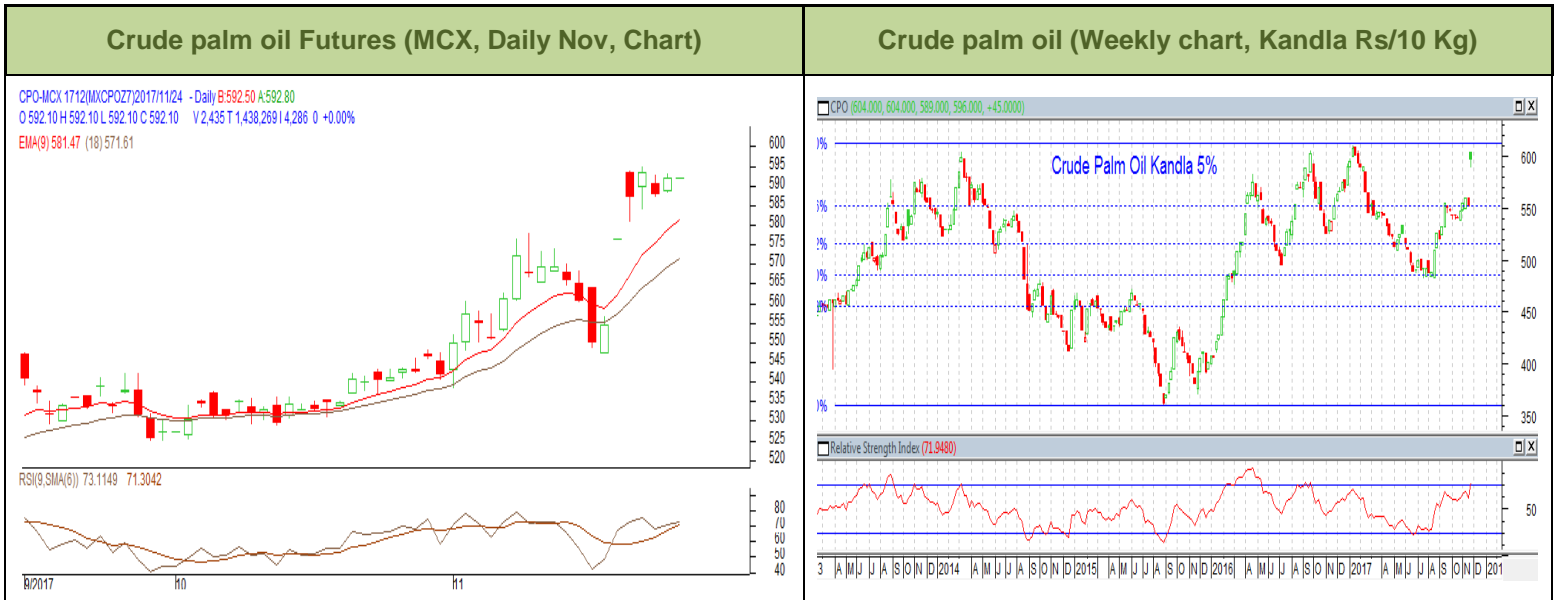
Strategy: Market participants are advised to go long above 730 levels for a target of 745 and 750 with a stop loss at 720 on closing basis.

RSO NCDEX (December)

Support and Resistance				
S2	S1	PCP	R1	R2
701.00	724.00	733.55	740.00	755.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 700-780 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show downtrend in prices during the week. We expect that CPO November contract may trade sideways to firm note.

- Candlestick in weekly chart of crude palm oil at MCX depicts uptrend in the prices. We expect prices to trade with a sideways to firm note in the near term.
- Any close below 530 in weekly chart may bring the prices to 510 levels.
- Expected price band for next week is 530-590 level. RSI, Stochastic, and MACD are suggesting uptrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO above 585 for a target of 600 and 605 with a stop loss at 575 on closing basis.

CPO MCX (November)

Support and Resistance				
S2	S1	PCP	R1	R2
566.00	577.00	592.1	600.00	615.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 570-630 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		24-Nov-17	17-Nov-17	
Refined Soybean Oil	Indore	730	685	45
	Indore (Soy Solvent Crude)	690	650	40
	Mumbai	740	685	55
	Mumbai (Soy Degum)	700	645	55
	Kandla/Mundra	725	680	45
	Kandla/Mundra (Soy Degum)	705	650	55
	Kolkata	745	685	60
	Delhi	765	715	50
	Nagpur	739	716	23
	Rajkot	720	680	40
	Kota	730	675	55
	Hyderabad	730	680	50
	Akola	755	712	43
	Amrawati	756	711	45
	Bundi	730	680	50
	Jalna	759	709	50
	Alwar	NA	NA	-
Solapur	739	717	22	
Dhule	764	691	73	
Palm Oil	Kandla (Crude Palm Oil)	596	551	45
	Kandla (RBD Palm oil)	615	577	38
	Kandla RBD Pamolein	650	595	55
	Kakinada (Crude Palm Oil)	620	575	45
	Kakinada RBD Pamolein	650	600	50
	Haldia Pamolein	645	600	45
	Chennai RBD Pamolein	650	605	45
	KPT (krishna patnam) Pamolein	645	590	55
	Mumbai RBD Pamolein	670	615	55
	Delhi	710	655	55
	Rajkot	645	594	51
	Hyderabad	662	584	78
	Mangalore RBD Pamolein	650	605	45
	PFAD (Kandla)	470	460	10
Refined Palm Stearin (Kandla)	510	490	20	
Refined Sunflower Oil	Chennai	720	675	45
	Mumbai	775	720	55
	Mumbai(Expeller Oil)	685	635	50
	Kandla	755	810	-55
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	732	675	57
	Latur (Expeller Oil)	735	690	45
	Chellakere (Expeller Oil)	675	635	40
	Erode (Expeller Oil)	760	710	50
Groundnut Oil	Rajkot	850	820	30
	Chennai	840	840	Unch
	Delhi	860	900	-40
	Hyderabad *	840	840	Unch
	Mumbai	890	870	20
	Gondal	860	830	30
	Jamnagar	860	840	20
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	785	770	15
	Jaipur (Kacchi Ghani Oil)	815	781	34
	Kota (Expeller Oil)	760	725	35
	Kota (Kacchi Ghani Oil)	798	780	18
	Neewai (Kacchi Ghani Oil)	760	742	18
	Neewai (Expeller Oil)	790	772	18
	Bharatpur (Kacchi Ghani Oil)	820	790	30
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	775	750	25
	Sri-Ganga Nagar (Kacchi Ghani Oil)	795	775	20
	Mumbai (Expeller Oil)	800	765	35
	Kolkata(Expeller Oil)	900	900	Unch
	New Delhi (Expeller Oil)	800	770	30
	Hapur (Expeller Oil)	830	830	Unch
	Hapur (Kacchi Ghani Oil)	890	850	40
	Agra (Kacchi Ghani Oil)	825	795	30
Refined Cottonseed Oil	Rajkot	685	630	55
	Hyderabad	695	645	50
	Mumbai	690	660	30
	New Delhi	685	645	40
Coconut Oil	Kangayan (Crude)	1750	1650	100
	Cochin	1720	1690	30
	Trissur	NA	NA	-
Sesame Oil	New Delhi	900	900	Unch
	Mumbai	NA	NA	-
Kardi	Mumbai	870	870	Unch
Rice Bran Oil (40%)	New Delhi	500	505	-5
Rice Bran Oil (4%)	Punjab	600	600	Unch
Rice Bran Oil (4%)	Uttar Pradesh	NA	NA	-

Malaysia Palmolein USD/MT	FOB	653	680	-27
	CNF India	683	708	-25
Indonesia CPO USD/MT	FOB	658	678	-20
	CNF India	683	708	-25
RBD Palm oil (Malaysia Origin USD/MT)	FOB	650	670	-20
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	673	700	-27
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1470	1520	-50
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	623	635	-12
Crude palm Kernel Oil India (USD/MT)	CNF India	1460	1465	-5
Ukraine Origin CSFO USD/MT Kandla	CIF	805	810	-5
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	NA	-
Argentina FOB (\$/MT)				
		23-Nov-17	22-Nov-17	Change
Crude Soybean Oil Ship		NA	NA	-
Refined Soy Oil (Bulk) Ship		NA	NA	-
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		NA	NA	-
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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